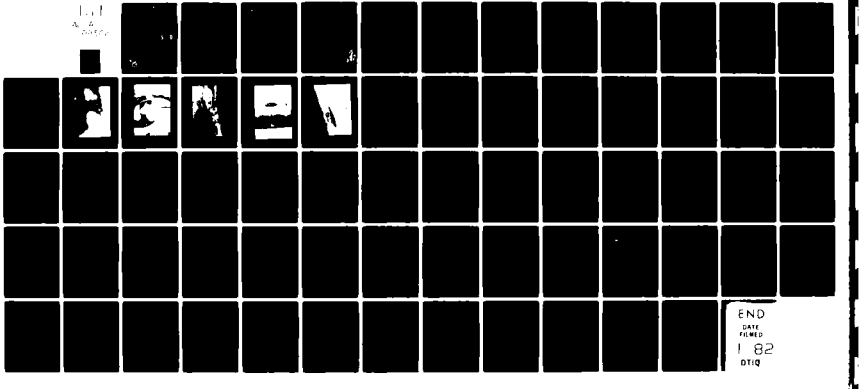
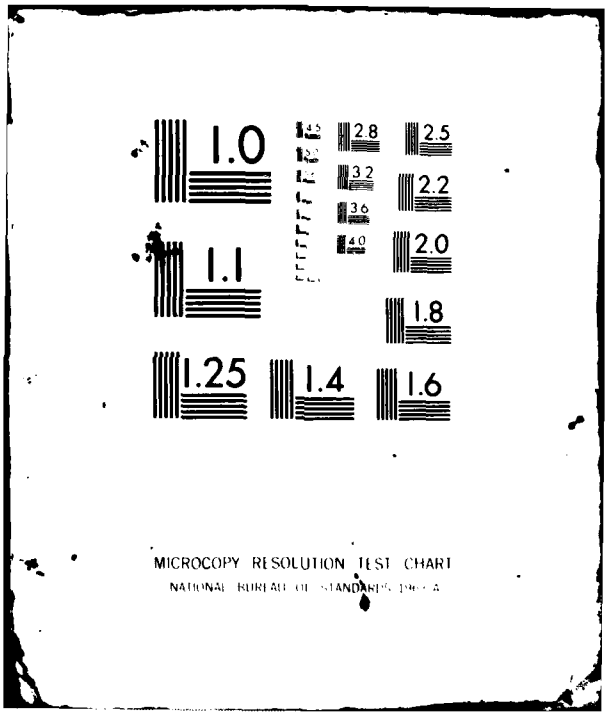
AD-A108 562 GENERAL ACCOUNTING OFFICE WASHINGTON DC PROCUREMENT --ETC F/G 5/1
THE DEPARTMENT OF THE INTERIOR'S OFFICE OF AIRCRAFT SERVICES SH--ETC(U)
OCT 81
UNCLASSIFIED GAO/PLRD-82-5 NL



END
DATE FILMED
1 82
DTIC


1.0
1.1
1.25
1.4
1.6
1.8
2.0
2.2
2.5
2.8
3.2
3.6
4.0
MICROCOPY RESOLUTION TEST CHART
NATIONAL BUREAU OF STANDARDS 1963-A

LEVEL II

BY THE COMPTROLLER GENERAL

Report To The Chairman, Committee On Interior And Insular Affairs, House Of Representatives OF THE UNITED STATES

The Department Of The Interior's Office Of Aircraft Services Should Not Be Abolished

The Department of the Interior's Office of Aircraft Services was established in July 1973 with responsibility for managing aircraft services to meet Interior's needs. In March 1981, Interior ordered the Office abolished on September 30, 1981.

The Secretary of the Interior should rescind the order to abolish the Office of Aircraft Services, unless it can be clearly shown that decentralization of aircraft services would be cost effective and would not jeopardize flight safety.

UNITED STATES GENERAL ACCOUNTING OFFICE

GAO/PLRD-82-6
OCTOBER 7, 1981

Request for copies of GAO reports should be sent to:

U.S. General Accounting Office
Document Handling and Information
Services Facility
P.O. Box 6015
Gaithersburg, Md. 20760

Telephone (202) 275-6241

The first five copies of individual reports are free of charge. Additional copies of bound audit reports are $3.25 each. Additional copies of unbound report (i.e., letter reports) and most other publications are $1.00 each. There will be a 25% discount on all orders for 100 or more copies mailed to a single address. Sales orders must be prepaid on a cash, check, or money order basis. Check should be made out to the "Superintendent of Documents".

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-204052

The Honorable Morris K. Udall
Chairman, Committee on Interior
and Insular Affairs
House of Representatives

Dear Mr. Chairman:

Your April 8, 1981, letter asked us to evaluate the Department of the Interior's Office of Aircraft Services to determine if it is carrying out the purposes for which it was established.

You expressed concern because Interior's revised budget justification statement for fiscal year 1982 zeroed out the Aircraft Services Activity within the Office of the Secretary. Moreover, on March 16, 1981, the Under Secretary of the Interior signed Order No. 3061 to abolish the Office of Aircraft Services and to return responsibility for aircraft services to the Department's bureaus and offices.

As requested, we evaluated the activities of the Office of Aircraft Services, the reasons for the abolishment order, and the possible effects that the elimination would have on the efficiency, effectiveness, and economy of Interior's aircraft services. On the basis of our evaluation, we have concluded that the Office of Aircraft Services is effective and that it should not be abolished.

As requested by your Office, we requested Interior's comments on the matters discussed in the report. Its comments have been addressed in detail in the report.

As arranged with your Office, we are sending copies of this report to the Chairmen, House Committees on Appropriations and on Government Operations and Senate Committees on Appropriations and on Governmental Affairs; congressional committees interested in aircraft management; the Director, Office of Management and Budget; the Secretary of the Interior; and other interested parties.

Sincerely yours,

Milton J. Socolar

Acting Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CHAIRMAN,
COMMITTEE ON INTERIOR
AND INSULAR AFFAIRS,
HOUSE OF REPRESENTATIVES

THE DEPARTMENT OF THE INTERIOR'S OFFICE OF AIRCRAFT SERVICES SHOULD NOT BE ABOLISHED

D I G E S T

The Department of the Interior's Office of Aircraft Services (OAS) was established in July 1973 with responsibility for managing aircraft services to meet Interior's needs. In March 1981, Interior ordered OAS abolished on September 30, 1981.

GAO evaluated OAS activities at the request of the Chairman, House Committee on Interior and Insular Affairs. GAO's evaluation included the reasons for the abolishment order and the possible effects of OAS's elimination on the efficiency, effectiveness, and economy of Interior's aircraft services.

GAO found that:

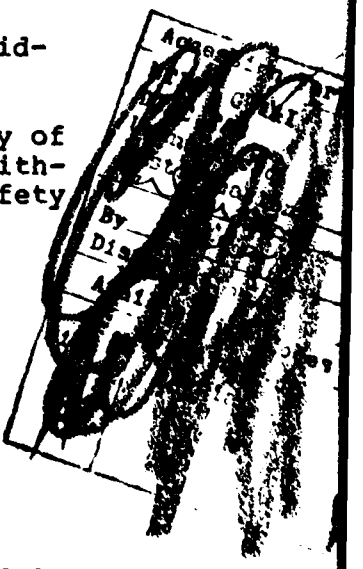
--OAS has been effective in managing aircraft services for Interior's bureaus and offices.

--Justification is needed for decentralizing aircraft services. Interior has not assessed either the cost effectiveness or the impact of returning these responsibilities to bureaus and offices. Moreover, it did not consider possible alternatives to abolishing OAS.

--Interior has not developed a plan for providing aircraft services if OAS is abolished.

--Based on conditions before OAS, the quality of aircraft services will likely be reduced without centralized management and aircraft safety could be jeopardized.

While GAO did not completely evaluate OAS's performance and cost effectiveness in providing aircraft services, GAO's review clearly showed that Interior was achieving certain important benefits from centralized aircraft management. Moreover, GAO believes the bureaus and offices cannot provide these services as cost effectively. (See p. 10.)



OAS management of Interior's aircraft services includes such activities as contracting for commercial aircraft services, conducting a flight safety program, and operating a computerized management information system and flight coordination centers. (See p. 10.) An inventory of Interior owned and leased aircraft as of June 23, 1981, is shown in appendix IV.

OAS generally is responsible for contracting for aircraft services over $10,000. It has been effective in contracting because of its expertise and ability to consider the varying needs of bureaus and offices. Numerous examples show cost savings through multiple bureau use of services provided by the same contract or contracts. Moreover, OAS has provided valuable contracting services to other Government agencies. (See pp. 11 and 12.)

Contractors told GAO they were overwhelmingly in favor of OAS's centralized contracting. They were more willing to bid on contracts, and they believed invitations for bid were more clearly stated, saving time and money. (See p. 12.)

Since 1973, Interior aircraft accidents have decreased significantly. GAO's review of OAS's programs related to safety, such as standards, training, and accident investigations, found them to be effective. (See p. 13.)

For example, in 1978, a helicopter with two bureau employees on board crashed in the ocean. One died, but the survivor said OAS's survival training saved his life. (See p. 17.)

OAS has established and maintains an automated management information system to (1) determine aircraft operating costs, (2) fill aircraft requirements, (3) identify aircraft ownership and availability, and (4) maximize aircraft use. (See p. 18.)

Without a central system, it would be difficult to compare bureau aircraft costs. Thus, it would be virtually impossible to determine how and by whom aircraft services should be provided to assure least cost to the Government.

OAS estimated savings of over $20 million during the past 7 years of operation. It is difficult to know what the costs of aircraft services would have been had OAS not existed.

Some of the claimed savings are estimates at best, however, some can be attributed directly to OAS efforts. (See p. 21.)

Interior cannot justify its decision to abolish OAS. The abolishment order stated that it is no longer cost effective to administer aircraft management functions through a centralized authority. However, no cost study had been done to support this contention. (See p. 23.)

The primary reason given for decentralizing aircraft services is to give bureaus and offices full control over all of their resources and program management. However, Interior cannot demonstrate that decentralization of these services will be more effective. Furthermore, allegations of OAS interference with the accomplishment of bureau missions could not be substantiated. (See pp. 23 and 24.)

Before Interior arrived at the decision to abolish OAS, it should have carefully examined alternative actions. However, this was not done. Moreover, before abolishing OAS, Interior needs to develop a detailed implementation plan to insure that aircraft safety is maintained and that aircraft resources are used in the most efficient way. (See p. 26.)

Before OAS, decentralized aircraft services had resulted in high accident rates, fragmented controls, poor utilization, obsolete equipment, and improper budgeting and financial management. GAO believes these problems could reoccur if aircraft management is decentralized. (See p. 26.)

In GAO's opinion, OAS should not be abolished unless Interior can clearly show that decentralization of aircraft services would result in a more efficient, effective, and economical operation of resources without jeopardizing aircraft safety. (See p. 28.)

Interior has not demonstrated that centralized aircraft management is no longer cost effective or that decentralized management will be more effective. It has not weighed the pros and cons of alternatives and has not prepared a detailed plan for decentralization. In GAO's opinion, OAS should not be abolished unless Interior can show that such action is warranted. GAO does not believe that it can do so. (See p. 28.)

RECOMMENDATIONS

GAO recommends that the Secretary of Interior rescind the order to abolish OAS. GAO further recommends that no further action be taken to abolish OAS unless Interior can clearly show that the decentralization of aircraft services would be cost effective and would not jeopardize flight safety. (See p. 28.)

AGENCY COMMENTS

Interior disagreed with some of the draft report's facts, conclusions, and recommendations. Interior's position is that, while OAS has created a safe and efficient operation, "bureaus and offices generally should be responsible for their own operations and centralized operation should occur only in extraordinary circumstances." Moreover, Interior contends that OAS interferes in bureau missions and that, under OAS, aviation has become a program rather than a service to department programs.

GAO believes its report clearly shows that OAS conducts a safe, efficient operation that fully supports the missions of the bureaus and offices using aircraft. Accordingly, bureaus and offices are responsible for their own operations because they determine their aircraft requirements. OAS then provides aircraft and related services to meet these requirements in the safest, most competitive, and cost effective manner. GAO believes the centralized OAS operations have met the needs of different customers for common services and commodities. The facts do not support Interior's contention that under OAS aviation has become a program rather than a service.

Appendix VI contains Interior's comments on the draft report, and appendix VII contains GAO's detailed evaluation.

Contents

ABBREVIATIONS

BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management
BOM	Bureau of Mines
BOR	Bureau of Reclamation
FAA	Federal Aviation Administration
FCC	Flight Coordination Center
FWS	U.S. Fish and Wildlife Service
GAO	General Accounting Office
NPS	National Park Service
OAS	Office of Aircraft Services
USGS	U.S. Geological Survey

CHAPTER 1

INTRODUCTION

On March 16, 1981, the Department of the Interior issued an order to abolish the Office of Aircraft Services (OAS) as of September 30, 1981, and to return responsibility for aircraft services to its bureaus and offices. (See app. I.)

The Chairman, House Committee on Interior and Insular Affairs, asked us to determine the conditions surrounding the abolishment order and its potential effect.

BACKGROUND

On June 14, 1973, Interior officials testified at Senate hearings on the need for centralized aircraft services. An Interior task force had found major problems in departmental aircraft operations, including (1) numerous accidents, deaths, and resultant high costs paid by Interior for property damage and compensatory claims and (2) poor use of aircraft because responsibility and control were fragmented among various bureaus with no overall direction being provided by Interior.

To rectify this situation, Interior created OAS as a unit of the Office of the Secretary of the Interior on July 1, 1973. Its responsibilities include (1) coordinating and directing all departmental aircraft by assignment or direct control, (2) establishing and maintaining departmental air operations standards involving safety, procurement, and use, (3) budgeting for and financially controlling all aircraft owned by Interior, and (4) providing technical services to bureaus for aircraft-related problems. In addition, OAS generally writes and administers all aircraft contracts over $10,000 and has established a system of approved charter operators which may be used by the bureaus. (See app. II.)

OAS established a headquarters in Boise, Idaho, a regional office in Anchorage, Alaska, and small offices in Denver, Colorado, and Atlanta, Georgia. The Alaska regional office manages nearly all aircraft services in Alaska. It has ownership of all Interior aircraft in that State, but has assigned all mission aircraft back to the bureaus for day-to-day control. Bureaus and offices determine the aircraft required to support their missions, and OAS attempts to satisfy their needs in the most cost effective and safest way.

The Boise OAS Headquarters provides most of the aircraft contracting services to bureaus in the contiguous 48 States as well as some approved charter operators. It only recently began to take ownership of bureau aircraft; however, the abolishment order rescinds these actions. Accordingly, the bureaus control all of their aircraft outside Alaska.

All Interior-owned aircraft, facilities, and aviation-related personnel in Alaska were transferred to OAS in January 1974. At the same time, OAS took over aircraft contracting functions and charter and rental aircraft services. Currently, all aspects of Interior's aircraft services in Alaska, except some incidental charter trip planning, are managed by OAS.

No consolidation of bureau-managed aircraft occurred in the contiguous 48 States until late 1980, when some bureau aircraft were transferred to OAS--specifically, aircraft from a U.S. Geological Survey (USGS) program in Denver, Colorado, and the Bureau of Land Management's (BLM's) Boise Interagency Fire Center, Boise, Idaho. Plans to transfer aircraft from the Fish and Wildlife Service (FWS) were not implemented as planned. Contract aircraft activities of all bureaus were absorbed by OAS during 1974 and 1975. Participation in the OAS charter and rental program is voluntary. (See app. III for a listing of bureaus exclusively using the OAS charter and rental program.)

At present, Interior does not have a complete centralized aircraft management system in the contiguous 48 States. Day-to-day management and control of most Interior-owned aircraft, as well as much of the procurement of charter and rental aircraft, are still the responsibility of the individual bureaus. (See app. IV for an inventory of Interior owned and leased aircraft.)

BUREAU RESPONSIBILITIES

Bureaus establish and determine their aircraft needs. These needs are met through contract, charter and rental, or Interior-owned aircraft. The bureaus initiate aircraft services procurement by submitting their needs to OAS.

Aircraft and services procured under Interior's contract aircraft program are under direct management and control of the bureaus. The contract aircraft program requires bureaus to prepare and submit technical and operational requirements to OAS. OAS reviews these requirements and determines the most cost effective way of providing these services. Generally, contracts over $10,000 are awarded by OAS.

Under the charter and rental program, the participating bureaus may furnish their aircraft services requirements to OAS. OAS schedules flights and dispatches qualified pilots and aircraft on bureau request. Management and control of charter and rental aircraft are a shared responsibility between OAS and the bureaus.

Management and control of Interior owned and operated aircraft which have been transferred to OAS are shared responsibilities between OAS and the bureau to which aircraft are assigned. All mission aircraft are assigned to bureaus for their exclusive use.

FUNDS AND STAFF

OAS staff levels have fluctuated little over the years. For example, the peak staff level during fiscal year 1974 was 94, while the peak staff level during fiscal year 1980 was 103. The following table shows the actual staff levels since OAS's establishment.

Peak OAS Staffing For Fiscal Years 1974-80

Fiscal year	Alaska staff		Contiguous 48 States staff		Total
	Permanent full time	Less than full time	Permanent full time	Less than full time	
1974	32	39	20	3	94
1975	34	31	25	10	100
1976	32	18	26	9	85
1977	33	22	25	10	90
1978	33	25	24	14	96
1979	22	36	25	18	101
1980	22	33	27	21	103

The fiscal year 1981 OAS budget includes 55 permanent full-time positions and 58 less than full-time positions.

OAS is funded from two sources: annual appropriations and service charges which are collected from the bureaus based on the services provided. The total cost of operating OAS increased from $1.7 million in fiscal year 1976 to $2.8 million in fiscal year 1980. The following table shows the overall funds for these fiscal years.

Fiscal year	OAS funding			Cost of services provided by OAS through working capital fund
	Appropriated funds	Service charges	Total	
	(000 omitted)			
1976	$1,000	$ 741	$1,741	$15,959
1977	1,100	848	1,948	24,452
1978	1,200	1,093	2,293	23,007
1979	1,365	1,025	2,390	30,035
1980	1,400	1,396	2,796	36,804

OBJECTIVES, SCOPE, AND METHODOLOGY

Our objectives were to determine (1) the reasons for the abolishment order and (2) the likely effects on safety and the costs of decentralizing aircraft services. Another objective was to determine if OAS is carrying out the purposes for which it was established.

We obtained information and documentation on OAS's organization. We interviewed OAS personnel from Boise, Idaho; Anchorage, Alaska; Denver, Colorado; and Atlanta, Georgia.

We interviewed 72 Interior officials who were knowledgeable of bureau aircraft activities and experienced in dealing with OAS on contracting or operational problems. The officials in Washington, D.C., included the Under Secretary and the Deputy Assistant Secretary for Policy, Budget, and Administration and officials from BLM, USGS, FWS, and the National Park Service (NPS) who were knowledgeable about aircraft activities and relationships with OAS.

In Alaska, we interviewed and obtained documentation from officials of these above bureaus plus the Bureau of Mines (BOM) and the Bureau of Indian Affairs (BIA). In the contiguous 48 States, we interviewed bureau officials at Menlo Park, California; Denver, Colorado; Boise, Idaho; Phoenix, Arizona; Cheyenne, Wyoming; Albuquerque, New Mexico; Whiteriver, Arizona; Salt Lake City, Utah; and Casper, Wyoming. These interviews included officials critical of OAS. During our interviews, we asked numerous indepth questions designed to solicit evidence regarding the quality and timeliness of aircraft services provided by OAS in order to evaluate its effectiveness. We then discussed this evidence with OAS and compared it to the documentation in OAS files. The following table shows the number of bureau personnel interviewed by location.

Bureau	Total	Headquarters	Alaska	Lower 48 States	Locations	In person	Telephone
USGS	24	7	6	11	5	24	0
BLM	17	4	2	11	8	16	1
FWS	10	2	3	5	5	9	1
BIA	10	0	3	7	6	9	1
NPS	7	2	4	1	3	7	0
BOM	4	0	2	2	3	3	1
Total	72	15	20	37	30	68	4

We randomly selected and solicited comments from 20 contractors and 9 other contractors who had done business with OAS during fiscal year 1980 at the request of the House Committee on Interior and Insular Affairs. We received 22 responses from the contractors.

We were unable to completely examine OAS operations due to the time constraints imposed by the Committee. Accordingly, we conducted limited tests of the various areas audited. Nevertheless, we believe the information presented in this report adequately supports our position that OAS has been effective and should not be abolished without adequate justification. The following pictures show some of the bureau missions requiring aircraft.

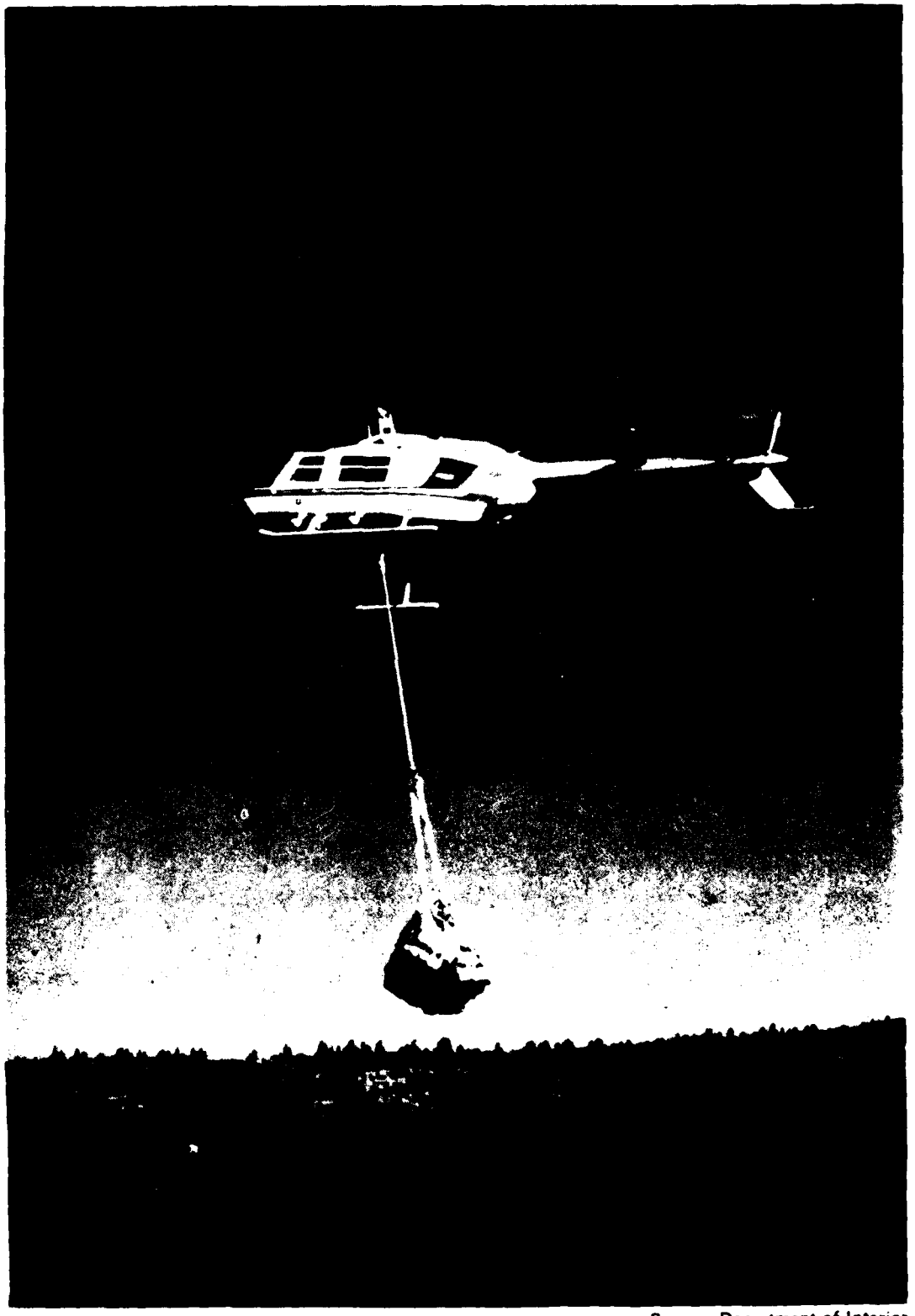
FIRE SUPPRESSION

Source: Department of Interior

ANIMAL DAMAGE CONTROL Source Department of Interior

Source: Department of Interior

AERIAL SURVEY OPERATIONS



Source: Department of Interior

AERIAL DELIVERY OF CARGO

Source: Department of Interior

AGRICULTURAL SPRAYING AND SEEDING

CHAPTER 2

CENTRALIZED MANAGEMENT OF AIRCRAFT SERVICES HAS BEEN EFFECTIVE

While we did not completely evaluate OAS's performance and cost effectiveness in providing aircraft services, our review clearly showed that Interior was achieving certain important benefits from centralized aircraft management in the areas of contracting effectiveness, safety, management information, flight coordination, and cost savings. Moreover, in our opinion, the bureaus and offices individually cannot provide these services as cost effectively.

THE CONTRACTING SYSTEM

OAS generally is responsible for awarding all contracts for aircraft services over $10,000. In our opinion, it has done an outstanding job of contracting for Interior and other Government agencies. Moreover, contractors are overwhelmingly in favor of OAS's centralized contracting and said the contracting is cost effective.

OAS contracting offices are staffed with six contract specialists--two in Anchorage and four in Boise. The contracting offices

--receive requests for contract services from the bureaus;

--prepare bid solicitations based on the bureaus' requirements;

--receive bids and send abstracts of bids to the bureaus for approval of the low bidders;

--award contracts;

--administer contracts with the bureaus; and

--receive bills from contractors after the bureaus certify that services have been received, pay the contractors, and bill the bureaus after adding service charges for the contracting services.

Service charges are based on the contract amount. They are used to recover part of the cost of the services OAS provides the bureaus and offices. The charges effective January 1, 1981, are:

Contract amount	Percent of service charge
$0 to $250,000	4
$250,001 to $500,000	3
over $500,000	2

From 1976 to January 1981, the maximum charge was 5 percent.

Protests and appeals

The success of OAS's contract system is evidenced by the low number of contract protests and appeals. For example, only 9 of more than 1,300 contracts since 1974 have been appealed or protested by unsuccessful bidders. Of the six contracts protested to GAO and the three appealed to the Interior Branch of Contract Appeals, four were denied, two were withdrawn, two are pending, and one was settled in favor of the Government. In our opinion, this is an outstanding contracting record.

Interior's regional solicitor in Alaska praised OAS's contracting expertise and expressed concern that decentralized contracting could result in increased protests and appeals.

Contracting effectiveness

The effectiveness of OAS's centralized contracting system is illustrated by the following examples.

--In February 1980 OAS prepared a bid solicitation for USGS. Initially, USGS had 12 separate aircraft requirements in California, Arizona, and Nevada. OAS negotiated with USGS managers on startup times and provided the aircraft services under two contracts.

--In April 1980 USGS made 12 separate requests to OAS for helicopters to be used in the Western United States. OAS provided these services under one contract.

--In August 1980 OAS awarded a contract for 34 helicopters for FWS. Reportedly, before OAS, nine local FWS offices would have contracted separately for these helicopters.

--During fiscal year 1980 OAS contracted for a Cessna 182 for offices in Phoenix, Arizona. The plane was used by seven different offices, and the total contract cost was $5,000. Based on our inquiry with the contractor, the cost would have been at least $7,000 if the contractor had to deal with each office separately.

--During fiscal year 1980 OAS contracted for helicopter services in Arizona. Again, seven different offices used the helicopter for a total cost of $179,000. Similar contract services to the various offices would have

amounted to about $207,000; approximately $28,000 (15 percent) more than when contracted through OAS.

OAS has also provided contract services to other Federal agencies. The following examples show substantial cost savings to the Government.

--In March 1978 the U.S. Coast Guard requested that OAS contract for helicopters for a Gulf of Mexico oil drilling inspection program. The Coast Guard used the helicopters for 2,875 hours which cost $1,586,000. Using Coast Guard data, OAS showed that similar Coast Guard fleet service would have cost $4,168,000, a savings of $2,582,000.

--OAS contracted commercial aircraft for the Navy. Through competitive bidding, OAS awarded an annual contract starting in October 1980 for $4.8 million, which was $2.6 million less than the Navy's estimate. The contract may be extended for an additional 4 years, which, according to the Navy, could result in a potential savings of $13 million.

Contractors' views

We solicited comments from 29 contractors who have done business with OAS. Of the 22 contractors responding, 19 favored the OAS centralized contracting. These contractors were more willing to bid on OAS contracts and believed that the invitations for bid were clear in defining specific bureau needs. The general consensus was that OAS effectively defines aircraft needs which saves time and money. The following are some of the contractors' comments.

--Since establishment of OAS, contractors have been able to be more responsive to Government requests for helicopter services. Contractors favor centralized aircraft services procurement. Their companies also centralize purchasing which results in quality procurement at the best available price.

--The Government saves money through centralized contracting because OAS has the ability to combine or dovetail several projects into one contract. This results in a lower bid price.

--Contractors would prefer to contract with OAS because OAS is not involved in regional politics. OAS advertises nationally and considers all firms on technical merits.

Three contractors were against centralized contracting and preferred to deal directly with the bureaus because the contractors could be more responsive to the bureaus' needs.

SAFETY

OAS is responsible for developing and conducting an aircraft accident prevention program. Its philosophy is that aircraft mishaps can be prevented. Aircraft are used in low level operations, in rugged mountain terrain, and over deserts, oceans, and other remote areas. Aircraft, such as aerial tankers and helicopters, are used for smoke jumpers and for conducting geologic and energy exploration, transporting inspectors to offshore drilling platforms, and performing animal damage control. Since the establishment of OAS in 1973, aircraft accidents within Interior have decreased significantly. (See app. V for accident statistics.)

To improve safety in Interior's often hazardous flying environments, OAS has developed and administers

--standards,

--training, and

--accident investigations.

Standards

OAS safety standards govern pilot qualifications and proficiency, personal protective equipment, aircraft inspections, safety equipment, and aircraft maintenance. According to Interior's 1972-73 aircraft study, safety standards varied from bureau to bureau, between regions within bureaus and, in some cases, standards did not exist.

The need for safety standards is demonstrated in the following example. In August 1980 OAS terminated a contract because of the contractor's noncompliance with safety standards. However, one bureau continued to use the contractor after it had been suspended by OAS from doing business with Interior. The contractor's helicopter crashed, killing a bureau employee.

Pilot qualifications

OAS has standardized the minimum pilot requirements for Interior. Its pilot qualifications are frequently more stringent than Federal Aviation Administration (FAA) requirements because of the unique and hazardous flying conditions. For example:

--FAA requires helicopter pilots to have a commercial pilot certificate and at least 150 flying hours when participating in unique and hazardous missions like firefighting, powerline, or pipeline patrol. For such missions, OAS requires helicopter pilots to have 1,500 hours.

--FAA requires pilots for other commercial operations to

have at least 500 flying hours to fly in visual flight conditions and 1,200 hours to fly in instrument flight conditions. OAS requires its pilots to have 1,500 hours and a commercial pilot certificate.

There has been a longstanding dispute between OAS and USGS over the qualifications of contractor provided helicopter pilots. The disagreement is primarily with some geologists of the Geologic Division's Western Region in the lower 48 States. The geologists desire the more stringent OAS qualification standards used for helicopter pilots in Alaska--not the standards used for pilots in the contiguous 48 States. At issue are pilot experience requirements. OAS, however, believes the unique standards in USGS Alaskan contracts are not applicable to geological-type aircraft services contracts in the contiguous 48 States. The standards are contrasted below.

	OAS helicopter pilot qualification standards for USGS contracts in	
	Alaska	Contiguous 48 States
Total helicopter flight hours	3,000	1,500
Flight hours in remote and rugged terrain	1,000	400
Mountain flying hours	400	200
"Remote seasons" (involving numerous takeoffs and landings at unprepared sites)	3 seasons of 200 hours minimum per season	2 seasons of 75 hours minimum per season

The geologists believe the more stringent pilot qualification standards are justified because helicopters are used in reconnaissance geologic mapping and survey work conducted in rugged, remote, or wilderness areas. Reconnaissance geologic mapping, with two to four geologists in separate locations using a single helicopter, frequently requires 20 to 30 takeoffs and landings each day at unprepared and unfavorable sites on ridges, benches, saddles, and canyon bottoms. Geologists informed us that safety and cost effectiveness are the reasons they want more experienced pilots. They stated experienced pilots do not spend much time locating suitable landing sites. The pilots' ability to land at remote sites increases the amount of work that can be done.

OAS considers the more stringent experience standards to be unrealistic. According to OAS, in 1974 the USGS Alaska Branch of Geology demanded that its standards be placed in aircraft contracts. The geologists contend that the OAS standards were insufficient for their program. OAS reluctantly accepted the USGS standards because it had no basis for showing that the standards were unrealistic. OAS noted the Alaskan pilot standards

have resulted in (1) recurring contract delays because contractors are unable to find qualified pilots and (2) high contract costs due to limited competition.

OAS has opposed the higher standards because it does not believe the flying environment is as hazardous in the contiguous 48 States. Moreover, OAS claims that the more stringent pilot qualifications unduly limit competition and do not increase safety.

The dispute over the standards climaxed early in 1981. The geologists were adamant that their helicopter contracts include the same pilot qualification standards as those in the Alaskan contracts. OAS agreed to include more stringent pilot standards, but the requirements differed from the Alaskan requirements in one major area. The remote season flying experience was to be mandatory for Alaskan contracts and optional for contracts for the contiguous 48 States. Also, the remote season experience was reduced from three to two seasons. However, on February 20, 1981, the Deputy Assistant Secretary for Policy, Budget, and Administration gave USGS authority to do its own contracting. Since that time the USGS Branch of Interior Mineral Resources has solicited and awarded contracts for its helicopter services with the more stringent safety standards. Other USGS organizations have continued to contract through OAS.

Another dispute over pilot qualifications exists between OAS and FWS. OAS requires pilots flying animal damage control missions to be qualified under FAA Part 135 (air taxi and commercial operators) regulations. One requirement under Part 135 stipulates that pilots be instrument flight rated. OAS agrees with FWS that this requirement is not necessary because of the type of flying pilots do on animal damage control missions. However, OAS wants pilots on such missions to be certified as Part 135 air taxi operators because the regulations include certain training, maintenance, and operational requirements. FAA waived this requirement for a period of time and allowed pilots until December 1980 to obtain instrument flight rated qualification.

FWS personnel stated that the instrument flight rated requirement severely cripples the animal damage control program because it restricts the number of pilots available. Pilots have spent time and money obtaining an instrument rating so as to be fully certified under Part 135.

On June 11, 1981, FAA issued regulations which exempt the instrument flight rated requirement for certain air taxi operations. According to OAS, pilots on animal damage control missions will not need to be instrument flight rated; however, pilots and air taxi operators must meet all other FAA Part 135 requirements.

Aircraft maintenance

Interior bureaus and offices operating their own aircraft must develop and implement aircraft maintenance programs. OAS also establishes maintenance standards for contracted aircraft. Each contract also includes detailed aircraft maintenance and service requirements. Even though maintenance standards have been established, they are not always complied with.

For example, in January 1981, the Boise Fire Center requested OAS to review the Fire Center's aircraft operations and maintenance practices. OAS found that, on numerous occasions, unsafe contract aircraft were flown and required inspections were performed late.

As a result, OAS asked FAA to evaluate the Fire Center's aircraft. An April 1981 FAA report states that 16 flights operated without proper hydraulic lines and that such discrepancies were not recorded.

Aircraft inspections

OAS has developed aircraft inspection procedures to assure that aircraft are safe. For example, OAS inspects all contracted aircraft. It generally accepts FAA inspections of commercially operated rental aircraft.

To further standardize aircraft inspections, OAS and the U.S. Forest Service have developed joint inspection requirements and procedures. Inspections by either organization are mutually acceptable.

Personal protective equipment

OAS has standardized the requirement for protective equipment. It requires that personnel wear shoulder harnesses, fire resistant clothing, and helmets to increase protection from injury or death. Before OAS, helicopter contractors using one type of helmet at one bureau location would be asked to use a different helmet when working at another bureau location. The following examples demonstrate the value of this equipment.

--In 1978 a helicopter carrying a USGS geologist and pilot crashed in Montana. Both were wearing helmets, seat belts, and shoulder harnesses. The geologist believes serious injury was prevented because personal protective equipment was required and used.

--A helicopter with a pilot and two BIA employees crashed in New Mexico on July 10, 1980. The pilot claimed the helmet saved his life. Neither BIA employee wore a helmet, and one died of head injuries.

--A USGS geologist from Menlo Park, California, claimed a helmet saved her life. The helicopter she was in crashed on Mount Saint Helens on February 27, 1981. Her helmet was crushed beyond repair, however, she sustained no serious injury.

Training

OAS provides aviation training for Interior and other Government personnel. The training helps personnel understand aviation operations relative to flight standards, equipment, pilot and aircraft inspections, and flight limitations.

From April 1975 through December 1980, OAS trained 5,700 department personnel through various safety courses. Although it is difficult to measure the value of aviation training programs, OAS training programs have produced certain benefits. For example, on May 7, 1978, a helicopter with two USGS employees crashed in the ocean. The only survivor credited OAS training with saving his life. The fatally injured employee had not received the water survival and ditching training.

Accident investigation

OAS is responsible for investigating all accidents involving Interior controlled aircraft. Before OAS, Interior did not require its bureaus and offices to report non-Government-owned aircraft accidents and it did not investigate accidents.

OAS accident investigation boards determine the probable cause, damage to aircraft and property, and personal injuries. They also make recommendations for preventing similar accidents. For example:

--During an investigation of a January 1980 Alaska helicopter accident, OAS discovered that a differential pressure switch failed to operate. OAS notified the manufacturer and the switch problem was corrected.

--On January 21, 1980, a FWS gunner on an animal damage control flight fell from the aircraft during low level operations and was seriously injured. An OAS investigation revealed that the gunner's seat belt had a quick release mechanism which was not properly secured before the flight and which was inadvertently released during flight. OAS now requires either a special seat belt quick release mechanism or a "shooting window" in aircraft during animal damage control operations.

OAS has developed an automated aircraft accident and incident data system to assist in accident trend analysis. The system produces reports which describe the accident, the findings, and recommendations. We do not believe the system can remain effective in a decentralized operation.

MANAGEMENT INFORMATION SYSTEM

OAS maintains a management information system to (1) determine aircraft operating costs, (2) fill aircraft requirements, (3) identify aircraft ownership and availability, and (4) maximize aircraft use.

Without a central system, it would be difficult to compare bureau aircraft costs. Thus, it would be virtually impossible to determine how and by whom aircraft services should be provided to assure least cost to the Government.

System description

The management information system includes financial and aircraft management subsystems. OAS uses a Bureau of Reclamation (BOR) computer to produce 83 reports on a monthly, quarterly, or request basis. The BLM Denver Service Center, which has the largest contract dollar volume with OAS, advised that converting system information to the BLM computer would be difficult and that the conversion might require a year to complete. OAS paid $88,000 in fiscal year 1979 and $99,000 in fiscal year 1980 for the management information system, including the salaries and benefits of a computer systems administrator and a computer programmer.

A-76 cost comparisons

Office of Management and Budget Circular A-76 is designed for agency use in determining if services should be provided by the Government or the private sector. In October 1979 OAS developed an automated system to record operating costs for the OAS-managed, Interior owned and operated aircraft and to compare the Government costs with that of commercial operators.

We reviewed a limited number of aircraft contracts to determine if adequate consideration was given to alternatives for providing the services. We found that OAS considered other alternatives and required bureaus to evaluate other methods for obtaining aircraft services.

During fiscal year 1980, 30 of Interior's 85 aircraft were managed by OAS. OAS reports show that 13 of the 30 aircraft were more expensive to operate during that fiscal year than similar commercial aircraft. We were advised that if the trend continues, OAS intends to dispose of these aircraft.

Circular A-76 requires agencies to inventory commercial services and review in-house resources by March 29, 1982. OAS has scheduled a review of each aircraft for fiscal year 1981. It also has inventoried all aircraft contracts that exceed $100,000 and has scheduled completion of A-76 reviews before March 29, 1982.

Financial management system

The financial management system provides for accounting, management control, and decisionmaking by OAS and user bureaus and offices. This system also produces cost reports, such as an automated general ledger, monthly transaction of disbursements, accounts receivable, and accounts payable.

Fleet and contract aircraft system

The fleet and contract aircraft system provides the financial management system with reimbursement income as shown by aircraft flight logs. The system also supports management reports which provide the cost and revenue, and it provides utilization information for Interior owned and operated, contract, charter, and rental aircraft.

Charter and rental system

The charter and rental system ensures the use of qualified commercial air taxi operators at the best available prices. Under this system, OAS verifies insurance coverage and operating certificates and inspects aircraft and pilot qualifications. It also places approved operators on a computer listing which is provided routinely to the various bureaus and offices. When bureaus use the system, the contractors bill OAS who pays the contractors and bills the bureaus after adding service charges.

In Alaska, charter and rental contractors have been approved; however, the bureaus' use of the system is voluntary. There are currently about 110 approved operators.

In the contiguous 48 States, implementation is by geographic area and by bureau. For example, coverage in Montana became available for BLM in November 1980 and for FWS in March 1981 (see app. III). There are currently about 300 approved operators. OAS planned to expand the system nationwide.

Advantages of a centralized data system

In the past, Interior stated that it had been successful in developing and implementing a centralized data system through OAS. For example, Interior made the following comment on our 1977 report entitled "Improvements Are Needed in Managing Aircraft Used by Federal Civilian Agencies," LCD-77-430.

> "We have found in Interior that our successes in developing and implementing an effective cost system and a centralized information system have been where our Office of Aircraft Services (OAS) has had financial responsibility to pay for all costs associated with the operation and, therefore, has been able to assure that all cost, as

well as all utilization, information is being captured and properly defined in the system."

Examples of system effectiveness

OAS responds to its customers' special needs and develops reports that satisfy each bureau or customer. For example:

--The BLM Denver Service Center requested a bimonthly report of aircraft usage by each BLM cost center to use in supporting OAS payments. Denver Service Center personnel expressed appreciation for OAS's prompt response.

--The BLM State offices in Nevada, Montana, and Wyoming requested monthly reports which show the hours flown, funds spent, the flight date, and the number of passengers on each flight.

--USGS requested a report of aircraft under yearly contract and used in the Gulf of Mexico and the Pacific Ocean. The OAS report showed, by aircraft, the actual days and hours flown for each month during the year and the days paid for but not used. BLM and FWS in Alaska have requested and have received similar reports.

--The Navy requested four monthly reports to provide seven Navy organizations with information needed to monitor contractor activities. The information includes funds spent and total hours flown by contractors for the U.S. Navy.

FLIGHT COORDINATION CENTERS

The OAS Flight Coordination Centers (FCCs) provide an effective centralized means for bureaus to obtain aircraft services. FCCs in Boise, Idaho; Denver, Colorado; Atlanta, Georgia; and Anchorage, Alaska; use the charter and rental program and also consider OAS contracted and owned aircraft. They attempt to achieve optimum use of available aircraft by individually researching every request for aircraft services and by providing the bureaus with cost figures and technical information. Currently, bureau participation is on a voluntary basis. Through this coordinating process, OAS looks at the overall situation and provides maximum aircraft use at the lowest cost.

The following examples demonstrate OAS effectiveness in reducing cost and maximizing aircraft use.

--During 1980 the Boise FCC received a request from Interior's Inspector General's Office to transport staff to Washington, D.C. The schedule included pickup of 36 passengers at Sacramento, California; 45 passengers at Denver, Colorado; and 70 passengers at Beckley, West Virginia. Commercial estimates for part of the trip

ranged from $58,700 to $100,000. By using an OAS-contracted aircraft and a commercial carrier, the Boise FCC provided the transportation for less than $40,000.

--In October 1980, the Boise FCC arranged for BOM to use a NPS helicopter at a cost of $1,093. An aircraft from another source would have cost $3,942.

--In April 1981 the Boise FCC provided BLM in Oregon with a BIA contract helicopter. Cost to BLM was $1,500 for the 5-hour use of this aircraft rather than $2,000 for the same aircraft under Government rental.

--In February 1981, the Office of Surface Mining needed a helicopter to inspect New Mexico mining sites. The Boise FCC arranged for the Office to use a Department of Energy helicopter at a cost of $1,065. An alternate aircraft would have cost $1,556.

COST SAVINGS

OAS estimated that it has provided aircraft services to Interior and other users at a savings which exceeded $20 million. These services could not be provided independently by the users. Cost savings estimated by OAS from fiscal years 1974 through 1980 are shown in the following table.

Cost Savings Reported By OAS for fiscal years 1974-80

Reported savings	Resulting from
(000 omitted)	
$15,719	Centralized contracting
2,367	Uniform aviation safety program and reduced accidents
1,223	More effective financial management of aircraft
1,161	Better priorities for use of aircraft
505	Consolidation of Alaskan facilities
$20,975	Total
- 561	First-year excess startup cost
$20,414	Total

We attempted to verify the validity of these claimed savings, but were unable to do so in most cases because of time constraints and a lack of comparable data. For example, in computing the $15.7 million savings from centralized contracting, OAS assumed that the only aircraft service similar to Interior's, without OAS, would be the U.S. Forest Service's. OAS further assumed that the most comparable types of aircraft used by both OAS and the Forest Service were aerial tankers and light turbine engine helicopters. Forest Service officials agreed with OAS that the aerial tankers and light turbine engine helicopters used by the two agencies were generally for similar purposes and generally contained similar equipment.

We could not determine if these and other assumptions were valid. Moreover, the $15.7 million was computed by projecting $11.1 million in savings in a manner which was not statistically valid.

According to OAS, the aviation accident issue was more intensely addressed through a centralized analysis of all accidents, training, the use of personal protective equipment, and the development of a system for gathering data. (See p. 13 for our analysis of the safety program.) Accordingly, it estimated a savings of $2,367,000 as a result of reduced accidents and costs per accident.

It is impossible to determine whether or not the OAS safety program has reduced accidents or their severity. Nevertheless, we believe OAS's efforts in establishing standards and training programs, in monitoring the standards, and in systematically investigating accidents, quite likely had some impact on the number of accidents that occurred.

Some of the claimed savings appear to have been the direct results of OAS efforts. For example, BOR needed an aircraft similar in size to one owned by NPS. Through OAS intervention, it was found that NPS could use a smaller aircraft. The NPS aircraft was transferred to BOR through an agreement with both bureaus, and a smaller and less costly aircraft was purchased for NPS. Based on OAS information, there was a $669,000 savings in procurement and operating costs by both bureaus during fiscal years 1978 through 1980.

In another case, BLM wanted to contract for a new helicopter. However, through extensive consultation with OAS, a used helicopter was contracted for with an estimated savings of $495,000. Without OAS, the new helicopter would likely have been obtained.

CHAPTER 3

JUSTIFICATION IS NEEDED FOR DECENTRALIZING AIRCRAFT SERVICES

Interior could not provide any information to demonstrate that OAS is not cost effective or that decentralization will result in improved program effectiveness. Furthermore, Interior has not assessed the alternatives to decentralization nor does it have a detailed plan to decentralize aircraft services.

According to Interior officials, the decision to abolish OAS was based solely on the need to give the bureaus and offices full control over all of their resources and program management. Even if it cost more to provide aircraft services on a decentralized basis, Interior's position is that this will be outweighed by improved program effectiveness. However, Interior does not have any support for this position.

OAS SHOULD NOT BE ABOLISHED WITHOUT JUSTIFICATION

Interior Order 3061, dated March 16, 1981, abolishes OAS as of September 30, 1981, and returns responsibilities for aircraft services to the bureaus and offices. The order concluded that "* * * it is no longer cost effective to administer these management functions through a centralized authority." Interior officials said an OAS cost-effectiveness study was not made.

In a March 3, 1981, memorandum to the Under Secretary of the Interior, a Special Assistant to the Secretary concluded that "* * * few bureaus and offices view OAS as cost effective." The Special Assistant based this conclusion on the opinions obtained from 16 Interior officials. We interviewed most of these officials or their representatives, other Interior officials, and OAS representatives from Anchorage, Alaska, and Boise, Idaho. We believe that opinions should not be the sole basis for determining the effectiveness of OAS, even though we found a great deal of support for OAS from those people who used OAS services. For example, a responsible USGS headquarters official stated that USGS relationships with OAS have been relatively good. Moreover, a Geologic Division report dated November 24, 1980, refers to USGS/OAS relationships in Alaska as a model for effective interagency cooperation. Conversely, USGS officials in Alaska told us that they are not satisfied with OAS and they believe it has not improved cooperation.

Interior has not demonstrated that decentralization of aircraft services is warranted. Our review showed that many bureau and office personnel are satisfied with OAS, while others favor decentralization.

We believe that centralized aircraft management has important benefits. For example, in our 1977 report, 1/ we stated that while centralized civil agency aircraft management is not the immediate or only solution to improving program weaknesses, it is an alternative which shows promise for achieving Government-wide economies and efficiencies. We also reported that the single manager approach has proven to be successful when the Government has had many different customers with a need for common services and commodities.

In April 1979, the Investigative Staff of the House Committee on Appropriations issued a report 2/ on its evaluation of Interior's aircraft services. Its evaluation covered the supporting material for reported cost savings of OAS and the potential for additional savings for a completely centralized operation. The Staff said that, notwithstanding some startup problems and some early resistance from the bureaus, the overall evidence supports a fully centralized operation.

It also said the advantages that have accrued from consolidating the Alaskan operation should also apply to a consolidated operation in the contiguous 48 States. Therefore, the Staff recommended that aircraft services in Interior be completely centralized under the existing OAS.

ALLEGATIONS OF OAS INTERFERENCE COULD NOT BE SUBSTANTIATED

A number of personnel have alleged that OAS interferes with the accomplishment of bureau missions by not providing the required aircraft. We investigated several of these allegations and found the charges could not be substantiated. For example:

--The Director of BLM's Fire Center in Boise stated that OAS contracted for two B-17 aircraft when two PV2 aircraft were requested. He explained that the B-17 only had a

---

1/"Improvements Are Needed in Managing Aircraft Used by Federal Civilian Agencies" (LCD-77-430).

2/"A Report to the Committee on Appropriations, U.S. House of Representatives on the Support and Service Activities within the U.S. Department of Interior," Apr. 1979.

1,600-gallon fire retardant capacity and could not accomplish the mission. Our review of contract files and documents showed that the Fire Center requested an aircraft tanker with a 2,000-gallon fire retardant capacity and that the BLM Boise district office had made a similar request. Bids were solicited by OAS and, in both cases, contractors provided B-17 aircraft with 2,000-gallon retardant capacities. The aircraft were accepted in writing by BLM's Fire Center and district office.

--The Director of the Fire Center also stated that a B-26 aircraft was requested, but that a PV2 was provided. He explained that the PV2 was slower, needed more maintenance, and had poor aircrew visibility. Our review of pertinent documents showed that the BLM Lewiston, Montana, office, not the Fire Center, requested a B-26 tanker with a 800- to 1,000-gallon capacity. OAS prepared a solicitation requesting a tanker with a minimum of 900 gallon retardant capacity. The contract was awarded to a bidder with a PV2 aircraft which met all contract requirements. BLM Lewiston has accepted the same PV2 aircraft for the past 3 years.

--The Fire Center requested a King Air 200 aircraft. Documents disclosed that, on the basis of past Fire Center passenger use, OAS suggested a Cessna 340. The Fire Center objected because the Cessna would not be able to carry radio equipment which was required several times a year. OAS then contracted for a King Air 200. However, OAS still believes that, with occasional additional support, the Cessna 340 would have met the Fire Center's requirements and would have been more cost effective.

--A BLM official told us that the BLM Lewiston office was forced to accept a single engine airplane when BLM standards required a twin engine aircraft. Our review showed that there is no substance to this allegation. OAS matched the request without exception. There was no record of any disagreements between OAS and BLM on this matter.

--Representatives from the USGS National Mapping Service Division stated that USGS personnel in the Western Region are afraid to fly in many of the aircraft procured through OAS. However, our interview with National Mapping Service personnel in the Western Region disclosed that personnel were satisfied with OAS pilots and aircraft contracts. In fact, the personnel said that OAS has been most helpful in acquiring aircraft so that survey work previously done on the ground can be accomplished more efficiently from aircraft.

--An official from BOM in Anchorage said that OAS procured a helicopter for the Bureau which was not suitable for work on Alaska's North Slope. However, in a letter

to OAS, BOM stated that it considered the helicopter adequate for its needs and directed OAS to acquire the helicopter.

NO PLANNING FOR DECENTRALIZATION

Before Interior decided to abolish OAS, a careful examination of alternative actions should have been made. However, this was not done. Moreover, before abolishing OAS, Interior needs to develop a detailed implementation plan to assure that aircraft safety is maintained and that aircraft resources are used in the most efficient, effective, and economical way.

No assessment of alternatives

Interior did not analyze or assess alternatives to abolishing OAS. As a result, Interior does not know (1) the effects of its decision on costs and program effectiveness and (2) if other alternatives would have been more desirable.

No implementation plan

Interior does not have an implementation plan for the bureaus and offices to provide aircraft services if OAS is abolished, as intended. Accordingly, the bureaus and offices are concerned and confused about how they will manage their aircraft services and at what cost. In June 1981, almost 3 months after the abolishment order, Interior established a committee to develop a plan for decentralizing aircraft operations by early August 1981. Without such a plan, the overall effectiveness of Interior's aircraft programs and safety program could be seriously impaired.

Impact of decentralized aircraft services

Before OAS, decentralized aircraft services had resulted in

--numerous accidents and resultant high costs,

--fragmented and inadequate management controls,

--inconsistent priorities for use,

--poor utilization,

--duplicated effort,

--obsolete equipment, and

--improper budgeting and financial management.

For example, an Interior 1972-73 aircraft study, in commenting on the numerous accidents and resultant high costs, said that:

> "During the past five years, 29 employees have been killed in Interior aircraft; 48 employees have been seriously injured; 148 accidents have been reported involving Interior aircraft; and $3.1 million has been paid by Interior for property damages and compensatory claims, with at least $9 million in claims pending."

We believe that these problems could prevail if aircraft management is decentralized. According to BLM's Aviation Manager in Denver, Colorado, decentralized operations will cost more because of duplication. The NPS Alaska area office estimates that, without OAS, bureau aircraft costs will increase over $400,000 a year and require the hiring of temporary specialized staff which may not be available when needed. Moreover, the Interior regional solicitor in Alaska said that under decentralization, bureau aircraft contracting expertise will vary, thereby weakening Interior's position in contract disputes and lawsuits.

CHAPTER 4

CONCLUSIONS, RECOMMENDATIONS, AND AGENCY COMMENTS

CONCLUSIONS

While we did not fully evaluate OAS's performance and cost effectiveness in providing aircraft services, our review clearly showed that Interior was achieving certain important benefits from centralized aircraft management. In our opinion, OAS should not be abolished unless Interior can clearly show that decentralization of aircraft services would result in a more efficient, effective, and economical operation of resources without jeopardizing aircraft safety.

Interior has not demonstrated that centralized aircraft management is no longer cost effective or that decentralized management will be more effective. It has not weighed the pros and cons of alternatives and has not prepared a detailed implementation plan for decentralization. In our opinion, OAS should not be abolished unless Interior can show that such action is warranted. We do not believe that it can do so.

RECOMMENDATIONS

We recommend that the Secretary of the Interior rescind the order to abolish OAS. We further recommend that no further action be taken to abolish OAS unless Interior can clearly show that the decentralization of aircraft services would be cost effective and would not jeopardize flight safety.

AGENCY COMMENTS

Interior disagreed with some of the draft report's facts, conclusions, and recommendations. Interior's position is that while OAS has created a safe and efficient operation, "bureaus and offices generally should be responsible for their own operations and centralized operation should occur only in extraordinary circumstances." Moreover, Interior contends that OAS interferes in bureau missions and that, under OAS, aviation has become a program rather than a service to department programs.

In our opinion, the report clearly shows that OAS conducts a safe, efficient operation that fully supports the missions of the bureaus and offices using aircraft. Accordingly, bureaus and offices are responsible for their own operations because they determine their aircraft requirements. OAS then provides aircraft and related services to meet these requirements in the safest, most competitive, and cost effective manner. We believe that centralized OAS operations have met the needs of different customers for common services and commodities. In addition, the facts do not support Interior's

contention that, under OAS, aviation has become a program rather than a service.

Appendix VI contains Interior's comments on the draft report, and appendix VII contains our detailed evaluation.

APPENDIX I

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

ORDER NO. 3061

Subject: Reorganization of Departmental Aviation Operations

Section 1. Purpose. The purpose of this Order is to abolish the Office of Aircraft Services (OAS) and return responsibility for aircraft services to the bureaus and offices of the Department.

(a) OAS, established in 1973 to reduce costs and improve the safety of Department aircraft operations, is located at the Boise Interagency Fire Center, with a regional office in Anchorage, Alaska. OAS is responsible for Department-wide functions related to the control of aircraft services and facilities. Alaska operations were centralized under OAS in 1973, whereas direct management of aircraft services of certain bureaus in the continental U.S. began only last year. OAS has developed and published in the Departmental Manual policies related to aviation operations (e.g. flight standards, maintenance and crew complement requirements), aviation safety (e.g. accident prevention program and accident reporting), and aviation services (e.g. contracting, charter and technical assistance).

(b) In issuing an order concerning the management of aircraft services, the paramount concerns are aviation safety and cost effectiveness—the same objectives that lead to the creation of OAS. While OAS has done a commendable job in establishing an aviation safety program and accompanying standards, its mission in this regard appears to have been accomplished. The program and standards are now up to date and are incorporated in the Departmental Manual as DOI policy. Moreover, although OAS has improved financial and systems management in aviation operations and has developed standardized procurement procedures, it is no longer cost effective to administer these management functions through a centralized authority. Finally, bureaus and offices generally should be responsible for their own operations and centralized operation should occur only in extraordinary circumstances. Some of the dissatisfaction expressed about OAS was grounded, in part, on the inability of a centralized office to accommodate differences among the bureaus. This is particularly true with respect to aircraft operations which are primarily "mission oriented" and do not lend themselves to Departmental administration.

Section 2. Authority. This Order is issued under the authority of Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat. 1262).

Section 3. Reorganization of Departmental Aviation Operations.

(a) The Office of Aircraft Services will be abolished effective September 30, 1981.

(b) Beginning October 1, 1981, bureaus and offices will be wholly responsible for their own aviation management and operations. The bureaus and offices will place the highest priority on aviation safety and cost effectiveness and will be held accountable for superior performance in both areas through periodic audits by appropriate offices. Bureaus and offices will, at a minimum, comply with the safety, operation and fiscal standards established by OAS.

(c) The following orders directing that management and supervision of bureau aircraft services be transferred to OAS are rescinded:

(i) July 14, 1980 (U.S. Geological Survey)

(ii) September 3, 1980 (Bureau of Land Management)

(iii) November 18, 1980 (Fish and Wildlife Service)

Section 4. Implementation.

(a) The Assistant Secretary-Policy, Budget and Administration shall be responsible for implementation of this Order and shall ensure that the reorganization takes place smoothly and with minimum disruption to personnel and ongoing operations.

(b) The Assistant Secretary-Policy, Budget and Administration shall prepare a Departmental Manual release documenting the return of responsibility for aircraft services to the bureaus. The Assistant Secretary shall also identify the personnel, property, records and unexpended balances of appropriations, allocations and other funds employed, used, held, or available in connection with, OAS which are necessary to be transferred to bureaus and offices and shall issue a determination order effecting such transfers. The Assistant Secretary shall take such other steps as are necessary to provide for the orderly termination of the functions of OAS. The Assistant Secretary may call upon such officials of the Department as he deems necessary to accomplish implementation of this Order.

(c) The Assistant Secretary-Policy, Budget and Administration shall, in consultation with bureaus and offices which use aircraft

APPENDIX I

services, review whether a departmental aviation committee, possibly supported by a small staff, should be established to update safety standards, to encourage cooperative efforts in aviation and to monitor cost accounting. The Assistant Secretary will report to the Under Secretary on this question by April 20, 1981.

(d) Bureaus and offices in Alaska should, in consultation with the Assistant Secretary-Policy, Budget and Administration, consider whether they wish to continue consolidated operations as a cooperative effort funded by bureaus and offices.

Section 5. Effective Date. This Order is effective immediately. The Order will lapse on its conversion to the Departmental Manual, but no later than September 30, 1981.

Donald Paul Hodel
UNDER SECRETARY

Date: MAR 16 1981

OAS FUNCTIONS AND RESPONSIBILITIES

AS OF JANUARY 5, 1981

1. Managing and supervising Interior-owned aircraft, aircraft facilities, and aviation-related personnel throughout the State of Alaska and for Interior-owned aircraft supporting BLM, FWS, USGS, and throughout the contiguous 48 States and Hawaii. a/

2. Assuming ownership of and managing aircraft, aircraft facilities and equipment, and aviation-related personnel presently managed by other bureaus and offices when required for reasons of safety and/or economy.

3. Assigning aircraft to bureaus and offices as required.

4. Establishing charter and rental aircraft service agreements in support of bureau needs.

5. Contracting for all bureau aircraft procurements and services over $10,000 and aviation maintenance. a/

6. Determining whether aircraft should be Government owned, leased, contracted, or chartered by applying Office of Management and Budget A-76 criteria.

7. Coordinating aircraft requirements to obtain the best use of existing equipment, consistent with mission needs.

8. Establishing and maintaining standards on operational procedures, aircraft maintenance, aircrew qualifications and proficiency, and qualifications for maintenance personnel.

9. Inspecting and monitoring aircraft operations to assure that standards are being met.

10. Prescribing the procedures for justification, budgeting, and management of the financial aspects of aircraft owned and/or operated by Interior.

11. Furnishing technical assistance for specialized aircraft problems to bureaus and other users upon request.

---

a/Events which occurred since January 5, 1981, have limited OAS involvement in these functions as they apply to BLM, FWS, and USGS in Menlo Park, California.

12. Developing, implementing, and directing Interior's aviation accident prevention program to include advising and monitoring bureau-level aviation safety personnel.

13. Investigating all aircraft mishaps occurring in Interior aviation operations.

14. Paying vendors for services rendered and billing user bureaus and offices.

15. Maintaining Interior's aviation management information system.

BUREAUS EXCLUSIVELY USING

THE OAS CHARTER AND RENTAL PROGRAM

Bureau/ element	Geographic area	Effective date
BLM	Alaska	Oct. 1, 1979
	Wyoming	Feb. 1, 1980
	Montana	Nov. 28, 1980
	Utah	Apr. 1, 1981
	Nevada	May 4, 1981
	Idaho	May 26, 1981
BIA		
Albuquerque area office	New Mexico	Apr. 1. 1981
FWS	Alaska	Jan. 1, 1981
	Colorado	Mar. 23, 1981
	Montana	Mar. 23, 1981
	Utah	Mar. 23, 1981
USGS	Alaska	Nov. 1, 1980
Branch of Oil and Gas Resources	Arizona	Nov. 1, 1980
National Mapping Division	California	Nov. 1, 1980
Global Seismology and Topographic Division	Colorado	Nov. 1, 1980
Conservation Division	Montana and Wyoming	Feb. 18, 1981
BOR		
Upper Missouri Region	Montana North Dakota South Dakota Wyoming	Dec. 1, 1980
Lower Colorado Region	Arizona California Nevada New Mexico Utah	Mar. 24, 1981
North Platte River Projects	Colorado Kansas Nebraska Wyoming	Mar. 30, 1981

NOTE: The service charge is 6 percent for the above bureaus or elements. For all others not exclusively using the OAS charter and rental program, the service charge is 10 percent.

INVENTORY OF INTERIOR OWNED AND LEASED AIRCRAFT AS OF JUNE 23, 1981

Aircraft owned or Leased by	Assigned to	Location	Use of aircraft: Mission	Use of aircraft: Administrative	Type of aircraft	Owned or leased
OAS	FWS	Alaska	X		Cessna 185F	0
OAS	FWS	Alaska	X		Cessna 185F	0
OAS	FWS	Alaska	X		Cessna 337	0
OAS	NPS	Alaska	X		Cessna 185E	0
OAS	OAS	Alaska		X	Beach "Baron"E55	0
OAS	FWS	Alaska	X		Piper PA-18	0
OAS	BLM	Alaska	X		McKinnon G-21C	0
OAS	NPS	Alaska		X	Grumman G-21A	0
OAS	NPS	Alaska	X		Citabra 7-CBC	0
OAS	FWS	Alaska	X		Cessna 185E	0
OAS	NPS	Alaska	X		Cessna 185A	0
OAS	FWS	Alaska	X		Piper PA-18	0
OAS	FWS	Alaska	X		Piper PA-18	0
OAS	FWS	Alaska	X		DeHavilland DHC-2	0
OAS	FWS	Alaska	X		Piper PA-18	0
OAS	FWS	Alaska	X		Cessna 185E	0
OAS	FWS	Alaska	X		DeHavilland DHC-2(T)	0
OAS	FWS	Alaska	X		Helio Courier	0
OAS	BLM	Alaska	X		Grumman G-21(T)G	0
OAS	FWS	Alaska	X		Piper PA-18	0
OAS	NPS	Alaska	X		Grumman G-21A	0
OAS	NPS	Alaska		X	Cessna 402	0
OAS	FWS	Alaska	X		Cessna 206	0
OAS	Inactive	Alaska	out-of-service		Grumman G-21A	
OAS	Inactive	Alaska	out-of-service		Grumman G-21T	

Subtotal: 27 Alaska operated OAS aircraft

APPENDIX IV

Aircraft owned or leased by	assigned to	Location	Use of aircraft Mission	Admin.	Type of aircraft	Owned or leased
OAS	Dept. of Energy	Albuquerque, N. Mex.	X		Aero Commander 690A	0
OAS	OAS	Boise, Idaho	X		Beach Baron 58P	L
OAS	OAS	Boise, Idaho	X		Cessna 340A	L
OAS	Air Force	Edwards AFB, Calif.	X		Twin Otter DHC6-300	0
OAS	USGS	Flagstaff, Ariz.	X		Beech E50	0
OAS	USGS	Denver, Colo.	X		Beech 65 A80	0
OAS	USGS	Denver, Colo.	X		Fairchild Turbo Porter	0
OAS	BOR	Phoenix, Ariz.	X		Bell 206 Jet Ranger	0
OAS	BOR	Phoenix, Ariz.	X		Bell 206 Jet Ranger	0
Subtotal:	9 OAS aircraft in lower 48 States					
BOR	BOR	Denver, Colo.	X		Piper PA-23 250T	0
BOR	BOR	Denver, Colo.	X		Aero Commander 690A	0
BOR	BOR	Montrose, Colo.	X		Aero Commander 680W	0
BOR	BOR	Boise, Idaho	X		Aero Commander 690A	0
BOR	BOR	Billings, Mont.	X		Piper PA-31-350	L
BOR	BOR	Bismarck, N. Dak.	X		Cessna 337	0
Subtotal:	6 BOR aircraft in lower 48 States					
FWS	FWS	Denver, Colo.	X		Cessna 185	0
FWS	FWS	Jacksonville, Fla.	X		Cessna 206 (Float)	0
FWS	FWS	Gooding, Idaho	X		Piper PA18	L
FWS	FWS	Springfield, Ill.	X		Cessna 180H	0
FWS	FWS	Lafayette, La.	X		Cessna 206D	0
FWS	FWS	Lafayette, La.	X		DeHavilland DHC2	0
FWS	FWS	Slidell, La.	X		Cessna 185	0
FWS	FWS	Columbia, Md.	X		Cessna TU206F	0
FWS	FWS	Easton, Md.	X		Cessna 185A	0
FWS	FWS	Glen Burnie, Md.	X		Cessna 180K	0

APPENDIX IV

Aircraft owned or Leased by	Assigned to	Location	Use of aircraft: Mission	Use of aircraft: Administrative	Type of aircraft	Owned or leased
FWS	FWS	Minneapolis, Minn.	X		Cessna 337	0
FWS	FWS	Jackson, Miss.	X		Cessna 180	0
FWS	FWS	Jackson, Miss.	X		Piper PA18	0
FWS	FWS	Billings, Mont.	X		Piper PA18	L
FWS	FWS	Washington, N.C.	X		Cessna 185	0
FWS	FWS	Washington, N.C.	X		Cessna 185	0
FWS	FWS	North Platte, Nebr.	X		Piper PA18	0
FWS	FWS	Rosewell, N. Mex.	X		Piper PA18	0
FWS	FWS	Portland, Oreg.	X		Cessna 180	0
FWS	FWS	Portland, Oreg.	X		Cessna 185F	0
FWS	FWS	Providence, R.I.	X		Cessna 185	0
FWS	FWS	Ft. Worth, Tex.	X		Cessna 206	0
FWS	FWS	Delta (SLC), Utah	X		Piper PA18	0
FWS	FWS	Delta (SLC), Utah	X		Piper PA18	0
FWS	FWS	Manassas, Va.	X		Cessna 182	0
FWS	FWS	Casper, Wyo.	X		Piper PA18	L
FWS	FWS	Casper, Wyo.	X		Piper PA18	L
FWS	FWS	Salt Lake City, Utah	X		Piper PA18	L
Subtotal: 28 FWS aircraft in lower 48 States						
NPS	NPS	Page, Ariz.	X		Cessna 206	0
NPS	NPS	Denver, Colo.	X		Beech "King Air" C9or	0
NPS	NPS	Washington, D.C.	X		Bell 206L-1	0
NPS	NPS	Washington, D.C.	X		Bell 206	0
NPS	NPS	Homestead, Fla.	X		Grumman G44	0
NPS	NPS	Homestead, Fla.	X		Lake LA-4-200	0
NPS	NPS	Atlanta, Ga.	X		Cessna 340	0
NPS	NPS	Manteo, N.C.	X		Cessna 206	0
NPS	NPS	Santa Fe, N. Mex.	X		Piper Aztec	L
NPS	NPS	Boulder City, Nev.	X		Cessna 206	0
Subtotal: 10 NPS aircraft in lower 48 States						
BLM	Fire Center	Boise, Idaho	X		Convair 440	0
BLM	Fire Center	Boise, Idaho	X		Bell 214	L
BLM	Fire Center	Boise, Idaho	X		Beach King0 Air 200	L
BLM	Fire Center	Boise, Idaho	X		Beach Baron 58P	L
BLM	Fire Center	Boise, Idaho	X		Lockheed 188A	L
Subtotal: Fire Center BLM aircraft in lower 48 States						

APPENDIX IV

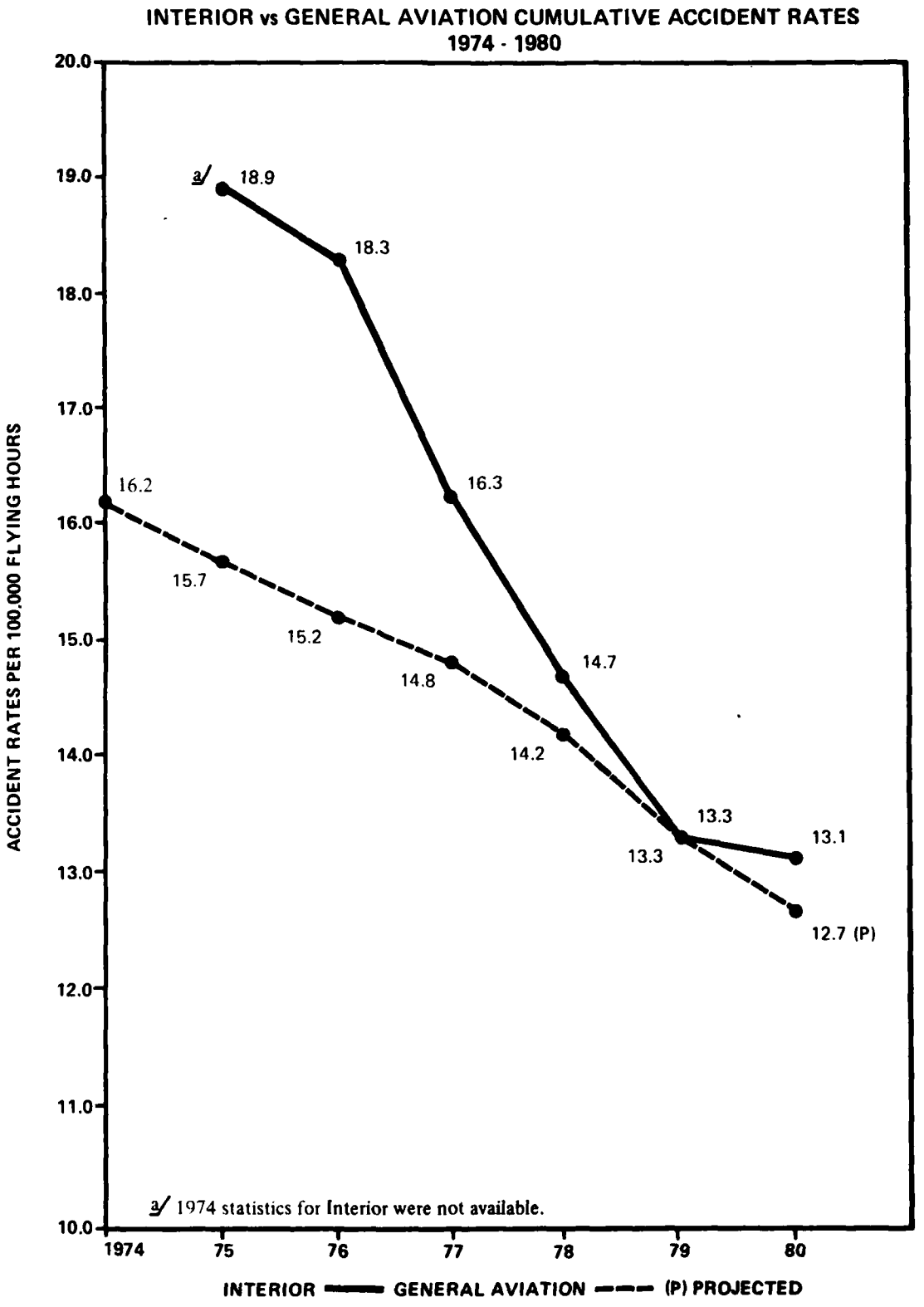
RECAP

Bureau/office	Aircraft		
	Owned	Leased	Total
OAS - Alaska	27	0	27
OAS - Lower 48 States	7	2	9
Total aircraft owned/leased by OAS	34	2	36
FWS - Lower 48 States	23	5	28
NPS - Lower 48 States	9	1	10
BOR - Lower 48 States	5	1	6
BLM - Lower 48 States	1	4	5
Total aircraft owned/leased by Interior	72	13	85

ACCIDENT STATISTICS

Complete Interior aircraft accident information from 1969 to January 1974 is not available. OAS developed statistics for 1974 through 1980 and attempted to compare Interior aircraft accidents with non-Government-operated aircraft accidents (general aviation). Statistics are based on accidents per 100,000 flight hours and cumulative rates. These statistics do not include air taxi commercial operator statistics in the general aviation data because these operations do not make up a sizable part of Interior activities.

The graph on the following page reflects this comparison of accident rates.


INTERIOR vs GENERAL AVIATION CUMULATIVE ACCIDENT RATES
1974 - 1980
ACCIDENT RATES PER 100,000 FLYING HOURS
20.0
19.0
18.0
17.0
16.0
15.0
14.0
13.0
12.0
11.0
10.0
a/ 18.9
18.3
16.3
14.7
13.3
13.1
16.2
15.7
15.2
14.8
14.2
13.3
12.7 (P)
a/ 1974 statistics for Interior were not available.
1974
75
76
77
78
79
80
INTERIOR
GENERAL AVIATION
(P) PROJECTED

APPENDIX VI

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUL 29 1981

Mr. Henry Eschwege
Director, Community and Economic
Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

Your letter of June 23, 1981, transmitted for our review and comment, a draft General Accounting Office (GAO) report on the evaluation of the activities of the Department of the Interior's Office of Aircraft Services (OAS).

The report indicates that GAO was "unable to examine OAS operations in depth due to time constraints" (p.6) and "did not fully evaluate OAS's performance and cost effectiveness" (p.37). This is unfortunate.

Our review indicates that several important facts were not discussed in the report, although they relate directly to its objectives of determining "(1) if OAS is carrying out the purposes for which it was established, (2) the reasons for the abolishment order, and (3) the likely effects on safety and the costs of decentralizing aircraft services" (p.5).

In its discussion of the purposes for creating OAS and the way OAS has performed its functions, the report does not cover why the Department uses aircraft: to support bureau missions. OAS was created to increase the safety and efficiency of departmental aviation, but a safe, efficient operation that does not support the missions of the bureaus using aircraft is not the most effective operation. As stated in Secretarial Order 3061, one reason for reorganizing departmental aviation operations is the policy that "bureaus and offices generally should be responsible for their own operations and centralized operation should occur only in extraordinary circumstances."

GAO note: Page numbers in this appendix refer to pages in the draft report.

Under Secretary Hodel explained this policy to the House Subcommittee on Oversight and Investigations on June 24, 1981, when he said that aviation should not be a program, but a service to the programs of the Department, programs operated not at the departmental level, but by the bureaus. The draft GAO report does not clearly recognize that aviation is a service to other programs, as opposed to an end in itself.

The draft report also omits mention that the order abolishing OAS charges the bureaus with the responsiblity for maintaining the safety and efficiency standards established by OAS. A discussion of these facts - that (1) OAS was intended to serve bureau missions, (2) it is being abolished so each bureau can better fulfill its own mission, and (3) safety and efficiency standards will be maintained - would have affected the report's conclusion that the order should be rescinded.

Specific comments on the report are detailed on the enclosure. We hope they will be helpful in preparing the final report.

Thank you for the opportunity to comment on this draft.

Sincerely,

Richard R. Hite
Principal Deputy Assistant Secretary
Policy, Budget and Administration

Enclosure

Comments on GAO Report "Evaluation of the Department of the Interior's Office of Aircraft Services (943498)"

1. Page 5. Interior and bureau officials were interviewed. For at least one bureau, the U.S. Geological Survey (USGS), the staff interviewed were not representative of bureau aircraft activities. Fixed wing aircraft operations in USGS were not addressed. In several instances, facts provided to GAO that were, in retrospection, in conflict with the final conclusions of the report, were left unaddressed. Among staff providing data and facts of this sort, were the Chairman of the Helicopter Operations Committee, Branch of Alaskan Geology, Dr. David A. Brew; and the Associate Chief Geologist, Geologic Division, Dr. Gordon P. Eaton.

   In other instances, people with little knowledge of bureau aircraft activities and no experience in dealing with contracting or operational problems created by the Office of Aircraft Services, were interviewed. Aircraft management and operations personnel in Denver and Flagstaff were not contacted, despite recommendations to GAO that they do so.

   Many of the questions asked of Geological Survey employees, especially those with limited knowledge, were restricted to narrow, specific economic issues in which only their general reactions were sought. No time was provided to these people to accumulate hard data. In addition, it is not apparent that efforts were made to determine: (1) the indirect costs to this bureau in working through OAS; (2) the impact that OAS has had on mission schedules and accomplishments; and (3) the effects of lower OAS helicopter safety standards on employee morale and performance.

2. Page 7. The statement that "bureaus and offices cannot provide these services as cost effectively" is not fully substantiated. At least one bureau, the U.S. Fish and Wildlife Service (FWS), provided a comparison of its Alaska operations where it showed a savings of about 40 percent by operating its own aircraft. This information was given to GAO by FWS staff in Alaska but does not appear in the report.

3. Page 7. Contractors favor centralized contracting. The Department is concerned primarily with the timely and cost-effective accomplishment of congressionally ordered missions, rather than with contractor satisfaction. Aircraft usage by the different bureaus of the Department of the Interior varies technically from bureau to bureau. Aircraft requirements are therefore different too. Contractors understandably prefer a single-model, motor pool approach to contracting. This approach, while perhaps economically attractive, does not serve mission accomplishment effectively.

4. Page 12. "Since the establishment of OAS in 1973, aircraft accidents within Interior have decreased significantly." This statement implies that the decrease is solely because of OAS. As the report states elsewhere, "it is impossible to determine with certainty whether or not the OAS safety program reduced accidents or their severity" (p.27). The accident statistics in Appendix III show that accident rates have decreased since 1973 for both the Department and all general aviation, suggesting there has been a general decline in aircraft accidents, unrelated to OAS. Although there are no statistics for the Department before 1973, at least one bureau, USGS, has such statistics, which show no significant decrease in aircraft accidents since the establishment of OAS.

5. Page 13. Disputed pilot standards for USGS. The issue is not limited to operations in California, as stated, but includes Alaska, Arizona, Idaho, Nevada, and Washington. Helicopter accidents involving Geological Survey personnel and found to have been caused by pilot error have been higher in the Western Region than in Alaska, where the pilot standards are higher.

6. Page 16. Maintenance. The Fish and Wildlife Service (FWS) provided information to GAO documenting several instances where unsafe aircraft were provided to FWS by OAS through their own maintenance facility in Anchorage. This information does appear in the report.

7. Page 17. Inspections. There are several recent instances in which aircraft passed OAS inspections which were not acceptable under bureau standards. FWS documented for GAO an incident where OAS inspected and approved two contract aircraft which, upon inspection by the FWS Regional Pilot, and after a reinspection by OAS, proved not to be airworthy. This incident is not mentioned in the report. GAO did not inquire of the Geological Survey about aircraft maintenance and inspections. USGS's maintenance and inspection standards for fixed wing aircraft operations are appreciably higher than those of OAS.

8. Page 17. Personnel protection equipment. The use of safety helmets was mandatory in the Geological Survey before the creation of OAS. OAS did not originate this requirement.

9. Page 18. Accident investigation. The Bureau of Indian Affairs (BIA) provided GAO with examples of OAS not investigating helicopter incidents and accidents until pressure was put on them. This does not appear in the report.

10. Page 20. Management Information System. Some bureaus, such as BLM, have partial systems in place which, when combined with the useful components of the OAS information system, will better meet bureau information needs.

11. Page 22. Charter/rental system. OAS has approved contract pilots whom bureaus considered unsafe due to limited experience or flying habits. In one instance, in December 1980, one of these pilots crashed and badly injured himself and the State game biologist. Preliminary indications are that pilot error, while operating in mountainous terrain, was the cause. Some OAS check pilots have far less experience in varied flight missions than bureau pilots, yet they won't designate bureau experienced pilots as check pilots.

12. Page 26. Cost savings. OAS's estimate of a $20 million cost savings is reported, even though the estimate is questionable. The report states that "we attempted to verify the validity of the above claimed savings, but were unable to do so in most cases because of time constraints and a lack of comparable data" (p.26). In addition, the largest single item within the estimate, $15.7 million, "was computed...in a manner which was not statistically sound" (p.27). If these data are unsound, they should be removed from the report.

13. Page 29. The report states that "Interior could not provide any information to demonstrate that OAS is not cost effective or that decentralization will result in improved program effectiveness." Documentation was provided to GAO by at least two bureaus, FWS and USGS.

14. Page 30. The relationship between the Geological Survey's Geologic Division and the Office of Aircraft Services has not been "relatively good," as implied by the quotation to that effect. It has been one of continuous disagreement and has negatively affected mission accomplishment. These facts were communicated in detail in writing to GAO's Denver office.

15. Page 32. OAS interference. At least two bureaus, USGS and the Bureau of Reclamation, have cited instances of OAS interference in bureau missions that apparently were not investigated by GAO. Written testimony from USGS was provided in bulk to GAO, but not discussed in the report.

APPENDIX VI

16. Page 34. The dispute over a Bureau of Mines (BOM) helicopter in Alaska. According to BOM, the bureau convinced OAS to obtain the helicopter BOM wanted. The helicopter which OAS had been wanting to provide had a longer rotor blade, and less lifting power, and BOM considered this unsafe for use in the narrow canyons through which it would pass.

17. Page 35. The report states that there was no plan for the bureaus to provide their own aircraft services. The order abolishing OAS was issued on March 16, 1981, to be effective on September 30, 1981. This period of six and one half months was given to ensure that the transfer of responsibility would be a smooth one. The order charged the Assistant Secretary - Policy, Budget and Administration with the task of taking such "steps as are necessary to provide for the orderly termination of the functions of OAS." Following is a list of some of these steps: the preparation of an issue paper on establishing a departmental aviation committee (April 9, 1981); the formation of an implementation committee (June 3, 1981); preparation of a proposed schedule for decentralization (June 15, 1981); and the first meeting of the implementation committee (July 16, 1981). In addition, the bureaus themselves have been formulating their own plans. The FWS has an aviation management plan with goals, objectives, products, a timetable and responsibilities outlined in detail. BLM is developing an organization and program management process in order to assume the full program management responsibility.

18. Page 36. The problems existing before OAS was established will not prevail if it is abolished. The standards established in current departmental regulations, the activities of the bureaus over the last seven years in establishing better, safer management and the Department's commitment to safe, efficient aviation management will prevent the previous problems from recurring.

GAO EVALUATION OF SPECIFIC AGENCY COMMENTS

GENERAL COMMENTS

Interior comments

"Our review indicates that several important facts were not discussed in the report, although they relate directly to its objectives of determining (1) if OAS is carrying out the purposes for which it was established, (2) the reasons for the abolishment order, and (3) the likely effects on safety and the costs of decentralizing aircraft services * * *. (See p. 3.)

"In its discussion of the purposes for creating OAS and the way OAS has performed its functions, the report does not cover why the Department uses aircraft: to support bureau missions. OAS was created to increase the safety and efficiency of departmental aviation, but a safe, efficient operation that does not support the missions of the bureaus using aircraft is not the most effective operation. As stated in Secretarial Order 3061, one reason for reorganizing departmental aviation operations is the policy that 'bureaus and offices generally should be responsible for their own operations and centralized operation should occur only in extraordinary circumstances.'"

GAO rebuttal

In our opinion, the report clearly shows that OAS conducts a safe, efficient operation that fully supports the missions of the bureaus and offices using aircraft. Accordingly, bureaus and offices are responsible for their own operations because they determine their aircraft requirements. OAS then provides aircraft and related services to meet these requirements in the safest, most competitive, and cost effective manner. Furthermore, centralized operation should not occur only in extraordinary circumstances as stated by Interior officials. Centralized operations should occur in ordinary circumstances to meet the needs of different customers for common services and commodities.

Interior comment

"Under Secretary Hodel explained this policy to the House Subcommittee on Oversight and Investigations on June 24, 1981, when he said that aviation should not be a program, but a service to the programs of the Department, programs operated not at the departmental level, but by the bureaus. The draft GAO report does not clearly recognize that aviation is a service to other programs, as opposed to an end in itself."

GAO note: Page numbers have been changed in this appendix to refer to pages in final report.

GAO rebuttal

In our opinion, the draft report clearly shows that OAS provides important services to Interior's bureaus and offices and that OAS has not become a program or an end in itself. For example, OAS staffs have fluctuated little over the years. The peak staff level during fiscal year 1974 was 94 versus 103 in fiscal year 1980: only 49 of which were permanent full-time employees. Moreover, from fiscal years 1976 through 1980, OAS funds have increased by only $1,055,000. During that same time, the aircraft services OAS provided to bureaus and offices, as a support service, more than doubled to $36,804,000. (See p. 3.)

Interior comment

"The draft report also omits mention that the order abolishing OAS charges the bureaus with the responsibility for maintaining the safety and efficiency standards established by OAS. A discussion of these facts - that (1) OAS was intended to serve bureau missions, (2) it is being abolished so each bureau can better fulfill its own mission, and (3) safety and efficiency standards will be maintained - would have affected the report's conclusion that the order should be rescinded."

GAO rebuttal

We believe that the order abolishing OAS should be rescinded because (1) OAS is providing important aircraft services to Interior's bureaus and offices (2) OAS's abolishment will not allow each bureau to better fulfill its own mission, and (3) there is no assurance that safety and efficiency standards will be maintained by bureaus and offices. For example, USGS failed to report an August 8, 1981, helicopter accident to OAS, as required by Interior's safety regulations. USGS further violated safety regulations by allowing the contractor to move the helicopter from the crash site before the accident could be investigated. This move resulted in another accident in which the damaged helicopter was completely destroyed. Moreover, aircrewmembers involved in the first accident were not wearing required fireproof clothing. On August 11, 1981, a NPS employee reported both accidents to OAS.

Aircraft accidents must be reported and investigated timely to identify and correct safety problems. Without OAS oversight of bureau aircraft operations, there is no assurance that this will happen. Accordingly, without OAS there is no assurance that Interior will be able to maintain its aircraft safety program.

If OAS is abolished on September 30, 1981, the net effect will be that, for fiscal year 1982, bureaus and offices will have $1.4 million less for aircraft services. We believe

this major reduction in funding will seriously affect Interior's missions, safety, and efficiency.

SPECIFIC COMMENTS

Interior comment

"Interior and bureau officials were interviewed. For at least one bureau, the U.S. Geological Survey (USGS), the staff interviewed were not representative of bureau aircraft activities. Fixed wing aircraft operations in USGS were not addressed. In several instances, facts provided to GAO that were, in retrospection, in conflict with the final conclusions of the report, were left unaddressed. Among staff providing data and facts of this sort, were the Chairman of the Helicopter Operations Committee, Branch of Alaskan Geology, Dr. David A. Brew; and the Associate Chief Geologist, Geologic Division, Dr. Gordon P. Eaton." (See. p. 4.)

GAO rebuttal

The USGS Administrative Officer arranged for us to interview responsible USGS officials, at the division directors' level in Reston, Virginia, who were knowledgeable about USGS aircraft activities and OAS relationships.

On May 1, 1981, two of our representatives met with the following USGS officials:

--The Administrative Officer, Office of the Director.

--The Chief Procurement Officer.

--The Chief of the Office of Mineral Resources, Geological Division.

--The Program Officer, Conservation Division.

--The Transportation Specialist, Conservation Division.

--The Chief of the Office of Program Management, National Mapping Division.

--The Deputy Assistant Division Chief for Plans and Operations, National Mapping Division.

In total, we interviewed 24 USGS officials. In addition to the 7 headquarters' officials mentioned above, we interviewed 6 officials in Alaska and 11 in the lower 48 States. (See p. 4.)

We evaluated OAS activities. We did not specifically address USGS fixed wing aircraft operations. USGS operates only three fixed wing aircraft--one in Flagstaff, Arizona, and two in Denver, Colorado. It also has day-to-day control over their operations. Therefore, we did not feel that it was necessary to address the operations of these aircraft in our report.

We considered the information received from Dr. David A. Brew, Chairman of the Helicopter Operations Committee, Branch of Geology, in our evaluation.

On May 26, 1981, we received 99 pages of information from Dr. Eaton. A cursory review of this information showed that it contained numerous allegations regarding OAS relationships with the USGS Geologic Division. Due to the nature and volume of the allegations, we were unable to investigate the allegations before the end of our evaluation and the Committee briefing on May 29, 1981.

On June 26, 1981, we asked OAS to review Dr. Eaton's information and to respond to the allegations. OAS gave us its responses on July 10, 1981. We then reviewed the allegations and OAS responses and verified them against OAS records and supporting documents.

Accordingly, we conclude that OAS has sufficient information to refute Dr. Eaton's contention that it has become an overly zealous service arm of Interior, thereby making mandated primary missions more difficult and more costly than when aircraft services were decentralized.

A more detailed evaluation of Dr. Eaton's information was submitted for the record of June 24, 1981, hearings before the Subcommittee on Oversight and Special Investigations, House Committee on Interior and Insular Affairs.

Interior comment

"In other instances, people with little knowledge of bureau aircraft activities and no experience in dealing with contracting or operational problems created by the Office of Aircraft Services, were interviewed. Aircraft management and operations personnel in Denver and Flagstaff were not contacted, despite recommendations to GAO that they do so."

GAO rebuttal

As shown on page 4, we interviewed 72 Interior officials who were knowledgeable of bureau aircraft activities and experienced in dealing with OAS on contracting or operational problems. Our records indicate that no recommendations were received to contact bureau personnel in Denver, Colorado, or Flagstaff, Arizona.

Nevertheless, we did interview three USGS officials from Denver. There was little reason to contact USGS personnel in Flagstaff since they operate only one Interior owned-aircraft , as stated previously.

Interior comment

"Many of the questions asked of Geological Survey employees, especially those with limited knowledge, were restricted to narrow, specific economic issues in which only their general reactions were sought. No time was provided to these people to accumulate hard data. In addition, it is not apparent that efforts were made to determine: (1) the indirect costs to this bureau in working through OAS; (2) the impact that OAS has had on mission schedules and accomplishments; and (3) the effects of lower OAS helicopter safety standards on employee morale and performance."

GAO rebuttal

As shown on page 50, we interviewed seven responsible USGS headquarters' officials who were knowledgeable about USGS aircraft activities and relationships with OAS. In our opinion, the other 17 USGS officials interviewed were involved with bureau aircraft operations and/or experienced in dealing with OAS. USGS and other Interior personnel were interviewed by experienced GAO investigators who are trained in the techniques of interviewing and gathering evidence. In our opinion, the issues were adequately discussed, developed, and analyzed. Also, in our opinion, more than enough time was provided to the officials interviewed to allow them to accumulate "hard data" to support their allegations. However, many of these officials admitted that they did not have "hard data" to support their allegations.

We could not determine the indirect costs to bureaus working through OAS. We believe that generally these costs were necessary for effective aircraft management. However, it is apparent that USGS has incurred additional indirect costs as a result of its disagreement with OAS on pilot standards and qualifications. As mentioned previously, we believe that this matter could have and should have been resolved at the departmental level. If this had been done, most of these costs would not have been incurred.

Our analysis of all of the available data--from Interior, its bureaus and offices, and OAS--failed to show any significant impact on mission schedules and accomplishments through the fault of OAS.

The Under Secretary has stated that "* * * OAS has done a commendable job in establishing an aviation safety program and accompanying standards * * *." The USGS Geologic Division has a particular disagreement with OAS helicopter safety standards.

Resolution of this problem at the departmental level could have limited the effects on employee morale and performance.

Interior comment

"The statement that 'bureaus and offices cannot provide these services as cost effectively' is not fully substantiated. At least one bureau, the U.S. Fish and Wildlife Service (FWS), provided a comparison of its Alaska operations where it showed a savings of about 40 percent by operating its own aircraft. This information was given to GAO by FWS staff in Alaska but does not appear in the report."

GAO rebuttal

As stated in our report, it is our opinion that "bureaus and offices cannot provide these services as cost effectively." FWS Alaska gave us a copy of a Feburary 18, 1981, memorandum titled "Aircraft Operation Cost." The memorandum estimates that FWS Alaska can operate its aircraft for $300,000 versus a cost of $425,000 using OAS aircraft. There is no analysis to support this contention. FWS merely shows what it says are the OAS-FWS hourly operating rates for only two of its at least seven types of aircraft--PA-18 Super Cubs and Cessna 185s. There is no supporting analysis or documentation to show that these figures are correct. In fact, we found the opposite true. The FWS computation showed erroneous flying hour rates for OAS of $95.28 and $62.36 for the Cessna 185 and PA-18 aircraft, respectively. This was done in spite of the fact that FWS knew that the OAS 1981 rates for these aircraft were $45.00 and $35.00, respectively. If the correct OAS rates had been used in the cost comparison, it would have shown that OAS was less costly.

Interior comment

"Contractors favor centralized contracting. The Department is concerned primarily with the timely and cost-effective accomplishment of congressionally ordered missions, rather than with contractor satisfaction. Aircraft usage by the different bureaus of the Department of the Interior varies technically from bureau to bureau. Aircraft requirements are therefore different too. Contractors understandably prefer a single-model, motor pool approach to contracting. This approach, while perhaps economically attractive, does not serve mission accomplishment effectively."

GAO rebuttal

We agree that Interior's primary concern should be the timely and cost effective accomplishment of congressionally ordered missions, rather than contractor satisfaction. The value of contractors' opinions is that contractors overwhelmingly

believe that OAS expertise results in quality procurement at the most competitive prices, since OAS advertises its procurements nationally and considers all bidding firms on their abilities to meet contract specifications. Accordingly, contractors are more willing to bid on OAS contracts, which further increases competition.

The allegation of a single-model, motor pool approach to contracting is unfounded. Bureaus determine their aircraft requirements. OAS then contracts for aircraft to meet these requirements. In doing so, OAS provides a variety of aircraft from numerous contractors. Without OAS, the bureaus would do their own contracting, probably getting many of the same aircraft from the same contractors, but at a higher cost.

Interior comment

"Management Information System. Some bureaus, such as BLM, have partial systems in place which, when combined with the useful components of the OAS information system, will better meet bureau information needs."

GAO rebuttal

There is no evidence to show that the OAS management information system does not meet all bureau needs for information regarding aircraft services or that components of the system are not useful to bureaus.

As stated on page 18 of this report, "The BLM Denver Service Center * * * advised that converting system information to the BLM computer would be difficult and that the conversion might require a year to complete."

Interior comment

"Cost savings. OAS's estimate of a $20 million cost savings is reported, even though the estimate is questionable. The report states that 'we attempted to verify the validity of the above claimed savings, but were unable to do so in most cases because of time constraints and a lack of comparable data.' In addition, the largest single item within the estimate, $15.7 million, 'was computed * * * in a manner which was not satistically sound' (see p. 22). If these data are unsound, they should be removed from the report."

GAO rebuttal

The Committee asked us to evaluate the cost effectiveness of of OAS and OAS's reported savings. The above cost data is included in this report in reply to the Committee's request.

Interior comment

"The report states that 'Interior could not provide any information to demonstrate that OAS is not cost effective or that decentralization will result in improved program effectiveness.' Documentation was provided to GAO by at least two bureaus, FWS and USGS."

GAO rebuttal

The Under Secretary of the Interior informed both the Committee and us that he had no support for the statement in his order abolishing OAS that "* * * it is no longer cost effective to administer these management functions through a centralized authority."

Furthermore, the Under Secretary testified that a decentralization plan was not prepared before the March 16, 1981, abolishment order or at the time of his June 24, 1981, testimony before the Subcommittee on Oversight and Special Investigations, House Committee on Interior and Insular Affairs. Neither FWS or USGS--or any of the other bureaus--were able to provide us documentation to support their allegations that OAS is not cost effective or that decentralization will result in improved program effectiveness.

Interior comment

"The relationship between the Geological Survey's Geologic Division and the Office of Aircraft Services has not been 'relatively good,' as implied by the quotation to that effect. It has been one of continuous disagreement and has negatively affected mission accomplishment. These facts were communicated in detail in writing to GAO's Denver office."

GAO rebuttal

The official referred to was a USGS headquarters official, not the Geologic Division as stated in the draft report. We have revised the final report accordingly.

Interior comment

"OAS interference. At least two bureaus, USGS and the Bureau of Reclamation, have cited instances of OAS interference in bureau missions that apparently were not investigated by GAO. Written testimony from USGS was provided in bulk to GAO, but not discussed in the report."

GAO rebuttal

USGS gave us a number of allegations regarding OAS interference in its missions--including those contained in Dr. Eaton's 99 pages of information. However, USGS did not provide documentation to support its allegations. Conversely, OAS documentation refutes these allegations. As mentioned previously, a more detailed evaluation of the USGS allegations sent to us by Dr. Eaton was submitted for the record of June 24, 1981, hearings before the Subcommittee on Oversight and Special Investigations, House Committee on Interior and Insular Affairs.

BOR did not provide us with any instances of OAS interference in its missions. Information obtained from Interior after the July 29, 1981, comments on our draft report had been written shows that five of seven BOR regions stated that they experienced "no problems" with OAS. The other two regions and the Engineering and Research Center reported only minor problems--none of which involved interference in bureau missions.

Interior comment

"The report states that there was no plan for the bureaus to provide their own aircraft services. The order abolishing OAS was issued on March 16, 1981, to be effective on September 30, 1981. This period of six and one half months was given to ensure that the transfer of responsibility would be a smooth one. The order charged the Assistant Secretary - Policy, Budget and Administration with the task of taking such steps as are necessary to provide for the orderly termination of the functions of OAS. Following is a list of some of these steps: the preparation of an issue paper on establishing a departmental aviation committee (April 9, 1981); the formation of an implementation committee (June 3, 1981); preparation of a proposed schedule for decentralization (June 15, 1981); and the first meeting of the implementation committee (July 16, 1981). In addition, the bureaus themselves have been formulating their own plans. The FWS has an aviation management plan with goals, objectives, products, a timetable and responsibilities outlined in detail. BLM is developing an organization and program management process in order to assume the full program management responsibility."

GAO rebuttal

The report states "Interior does not have a plan for the bureaus and offices to provide aircraft services if OAS is abolished on September 30, 1981, as intended." The statement was true at the time of our draft report, June 23, 1981, and it was still true as of the date of Interior's comments to the draft report, July 29, 1981. These comments state that Interior and its bureaus are still working on such plans.

Interior comment

"The problems existing before OAS was established will not prevail if it is abolished. The standards established in current departmental regulations, the activities of the bureaus over the last seven years in establishing better, safer management and the Department's commitment to safe, efficient aviation management will prevent the previous problems from recurring."

GAO rebuttal

If OAS is abolished, Interior will lose important benefits which OAS is providing as a central manager for aircraft services. While individual bureaus and offices may be able to provide their own aircraft services, as they did before OAS, we believe that it will cost more and be less efficient. Moreover, there is no assurance that aircraft safety can be adequately maintained.

For example, without centralized aircraft management, there will be no organization to manage, direct, and coordinate Interior's aircraft programs. Accordingly, Interior will not

--be able to measure its total aircraft needs,

--be able to satisfy its overall aircraft needs in the most efficient and cost effective way,

--be able to establish uniform pilot qualification standards for similar types of flying,

--have uniform cost information and full compliance with Office of Management and Budget Circular A-76, and

--have an adequate oversight of aircraft safety and accident problems.

Moreover, bureaus and offices will be competing with each other for aircraft services, many of which are scarce during peak summer months.

— — — —

Interior provided a number of specific comments which questioned the draft report's conclusion that OAS's programs related to safety had been effective. Where specific instances were cited, we either were unable to find documentation to support the allegation or found documentation that refuted the allegation.

Furthermore, we find these comments ironic in view of the Under Secretary's statement in the abolishment order that:

"While OAS has done a commendable job in establishing an aviation safety program and accompanying standards, its mission in this regard appears to have been accomplished."


DAT
FILM